

TEACHER RECRUITMENT AND RETENTION ACT OF 2003

JUNE 26, 2003.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. BOEHNER, from the Committee on Education and the Workforce, submitted the following

R E P O R T

together with

ADDITIONAL VIEWS

[To accompany H.R. 438]

[Including cost estimate of the Congressional Budget Office]

The Committee on Education and the Workforce, to whom was referred the bill (H.R. 438) to increase the amount of student loans that may be forgiven for teachers in mathematics, science, and special education, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “Teacher Recruitment and Retention Act of 2003”.

SEC. 2. INCREASED QUALIFIED LOAN AMOUNTS.

(a) FFEL LOANS.—Section 428J(c) of the Higher Education Act of 1965 (20 U.S.C. 1078–10(c)) is amended by adding at the end the following new paragraph:

“(3) INCREASED AMOUNTS FOR TEACHERS IN MATHEMATICS, SCIENCE, OR SPECIAL EDUCATION.—

“(A) SERVICE QUALIFYING FOR INCREASED AMOUNTS.—Notwithstanding the amount specified in paragraph (1), the aggregate amount that the Secretary shall repay under this section shall not be more than \$17,500 in the case of—

“(i) a secondary school teacher—

“(I) who meets the requirements of subsection (b), subject to subparagraph (D) of this paragraph; and

“(II) whose qualifying employment for purposes of such subsection has been teaching mathematics or science on a full-time basis; and

“(ii) an elementary or secondary school teacher—

“(I) who meets the requirements of subsection (b), subject to subparagraph (D) of this paragraph;

“(II) whose qualifying employment for purposes of such subsection has been as a special education teacher whose primary responsibility is to provide special education to children with disabilities (as those terms are defined in section 602 of the Individuals with Disabilities Act); and

“(III) who, as certified by the chief administrative officer of the public or nonprofit private elementary or secondary school in which the borrower is employed, is teaching children with disabilities that correspond with the borrower’s special education training and has demonstrated knowledge and teaching skills in the content areas of the elementary or secondary school curriculum that the borrower is teaching.

“(B) ACCELERATED PAYMENT.—Notwithstanding the requirements of subsection (b)(1) and paragraph (1) of this subsection that 5 consecutive complete years of service have been completed prior to the receipt of loan forgiveness, in the case of service described in subparagraph (A) of this paragraph, the Secretary shall repay a portion of a borrower’s loan obligation outstanding at the commencement of the qualifying service under this subsection, not to exceed a total of \$17,500, in the following increments:

“(i) up to \$1,750, or 10 percent of such outstanding loan obligation, whichever is less, at the completion of the second year of such service;

“(ii) up to \$2,625, or 15 percent of such outstanding loan obligation, whichever is less, at the completion of the third year of such service;

“(iii) up to \$4,375, or 25 percent of such outstanding loan obligation, whichever is less, at the completion of the fourth year of such service;

and

“(iv) up to \$8,750, or 50 percent of such outstanding loan obligation, whichever is less, at the completion of the fifth year of such service.

“(C) PROMISE TO COMPLETE SERVICE REQUIRED FOR ACCELERATED PAYMENT.—Any borrower who receives accelerated payment under this paragraph shall enter into an agreement to continue in the qualifying service for not less than 5 consecutive complete school years, or, upon a failure to complete such 5 years, to repay the United States, in accordance with regulations prescribed by the Secretary, the amount of the loans repaid by the Secretary under this paragraph, together with interest thereon and, to the extent required in such regulations, the reasonable costs of collection. Such regulations may provide for waiver by the Secretary of such repayment obligations upon proof of economic hardship as specified in such regulations.

“(D) HIGHER POVERTY ENROLLMENT REQUIRED.—In order to qualify for an increased repayment amount under this paragraph, section 465(a)(2)(A) shall, for purposes of subsection (b)(1)(A) of this section, be applied by substituting ‘40 percent of the total enrollment’ for ‘30 percent of the total enrollment’.”

(b) DIRECT LOANS.—Section 460(c) of the Higher Education Act of 1965 (20 U.S.C. 1087j(c)) is amended by adding at the end the following new paragraph:

“(3) INCREASED AMOUNTS FOR TEACHERS IN MATHEMATICS, SCIENCE, OR SPECIAL EDUCATION.—

“(A) SERVICE QUALIFYING FOR INCREASED AMOUNTS.—Notwithstanding the amount specified in paragraph (1), the aggregate amount that the Secretary shall repay under this section shall not be more than \$17,500 in the case of—

“(i) a secondary school teacher—

“(I) who meets the requirements of subsection (b)(1), subject to subparagraph (D) of this paragraph; and

“(II) whose qualifying employment for purposes of such subsection has been teaching mathematics or science on a full-time basis; and

“(ii) an elementary or secondary school teacher—

“(I) who meets the requirements of subsection (b)(1), subject to subparagraph (D) of this paragraph; and

“(II) whose qualifying employment for purposes of such subsection has been as a special education teacher whose primary responsibility is to provide special education to children with disabilities (as those terms are defined in section 602 of the Individuals with Disabilities Act); and

“(III) who, as certified by the chief administrative officer of the public or nonprofit private elementary or secondary school in which the borrower is employed, is teaching children with disabilities that correspond with the borrower’s special education training and has demonstrated knowledge and teaching skills in the content areas of the elementary or secondary school curriculum that the borrower is teaching.

“(B) ACCELERATED PAYMENT.—Notwithstanding the requirements of subsection (b)(1)(A) and paragraph (1) of this subsection that 5 consecutive complete years of service have been completed prior to the receipt of loan forgiveness, in the case of service described in subparagraph (A) of this paragraph, the Secretary shall repay a portion of a borrower’s loan obligation outstanding at the commencement of the qualifying service under this subsection, not to exceed a total of \$17,500, in the following increments:

“(i) up to \$1,750, or 10 percent of such outstanding loan obligation, whichever is less, at the completion of the second year of such service;

“(ii) up to \$2,625, or 15 percent of such outstanding loan obligation, whichever is less, at the completion of the third year of such service;

“(iii) up to \$4,375, or 25 percent of such outstanding loan obligation, whichever is less, at the completion of the fourth year of such service; and

“(iv) up to \$8,750, or 50 percent of such outstanding loan obligation, whichever is less, at the completion of the fifth year of such service.

“(C) PROMISE TO COMPLETE SERVICE REQUIRED FOR ACCELERATED PAYMENT.—Any borrower who receives accelerated payment under this paragraph shall enter into an agreement to continue in the qualifying service for not less than 5 consecutive complete school years, or, upon a failure to complete such 5 years, to repay the United States, in accordance with regulations prescribed by the Secretary, the amount of the loans repaid by the Secretary under this paragraph, together with interest thereon and, to the extent required in such regulations, the reasonable costs of collection. Such regulations may provide for waiver by the Secretary of such repayment obligations upon proof of economic hardship as specified in such regulations.

“(D) HIGHER POVERTY ENROLLMENT REQUIRED.—In order to qualify for an increased repayment amount under this paragraph, section 465(a)(2)(A) shall, for purposes of subsection (b)(1)(A)(i) of this section, be applied by substituting ‘40 percent of the total enrollment’ for ‘30 percent of the total enrollment’.”.

SEC. 3. IMPLEMENTING HIGHLY QUALIFIED TEACHER REQUIREMENTS.

(a) AMENDMENTS.—

(1) FFEL LOANS.—Section 428J(b)(1) of the Higher Education Act of 1965 (20 U.S.C. 1078–10(b)(1)) is amended—

(A) by inserting “and” after the semicolon at the end of subparagraph (A); and

(B) by striking subparagraphs (B) and (C) and inserting the following:

“(B) if employed as an elementary or secondary school teacher, is highly qualified as defined in section 9101(23) of the Elementary Secondary Education Act of 1965; and”.

(2) DIRECT LOANS.—Section 460(b)(1)(A) of such Act (20 U.S.C. 1087j(b)(1)(A)) is amended—

(A) by inserting “and” after the semicolon at the end of clause (i); and

(B) by striking clauses (ii) and (iii) and inserting the following:

“(ii) if employed as an elementary or secondary school teacher, is highly qualified as defined in section 9101(23) of the Elementary Secondary Education Act of 1965; and”.

(b) TRANSITION RULE.—

(1) RULE.—The amendments made by subsection (a) of this section to sections 428J(b)(1) and 460(b)(1)(A) of the Higher Education Act of 1965 shall not be applied to disqualify any individual who, before the date of enactment of this Act, commenced service that met and continues to meet the requirements of such sections as in effect before such date of enactment.

(2) RULE NOT APPLICABLE TO INCREASED QUALIFIED LOAN AMOUNTS.—Paragraph (1) of this subsection shall not apply for purposes of obtaining increased qualified loan amounts under sections 428J(b)(3) and 460(b)(3) of the Higher Education Act of 1965 as added by section 2 of this Act.

SEC. 4. INFORMATION ON BENEFITS TO RURAL SCHOOL DISTRICTS.

The Secretary shall—

- (1) notify local educational agencies eligible to participate in the Small Rural Achievement Program authorized under subpart 1 of part B of title VI of the Elementary and Secondary Education Act of 1965 of the benefits available under the amendments made by this Act; and
- (2) encourage such agencies to notify their teachers of such benefits.

PURPOSE

H.R. 438, the Teacher Recruitment and Retention Act of 2003, provides for an increase in the total loan forgiveness for elementary and secondary school teachers who specialize in math, science or special education, in title I schools. This legislation addresses the need to increase the number of quality teachers in our nation's classrooms by increasing the maximum loan forgiveness from \$5,000 to \$17,500 for highly qualified math, science and special education teachers. H.R. 438 provides an incentive for teachers to work in disadvantaged areas and provides flexibility for high need schools to recruit and retain these teachers.

COMMITTEE ACTION

LEGISLATIVE ACTION

On January 29, 2003, Representative Joe Wilson (R-SC) introduced H.R. 438, the Teacher Recruitment and Retention Act of 2003. The Subcommittee on 21st Century Competitiveness considered H.R. 438 during a legislative session on Wednesday, June 4, 2003, during which an amendment in the nature of a substitute was offered and by unanimous consent accepted as the base text to which any amendments would be considered.

The Subcommittee on 21st Century Competitiveness with a majority of the Committee present, ordered H.R. 438 favorably reported, as amended, to the Full Committee by voice vote on June 4, 2003.

The Committee on Education and the Workforce considered H.R. 438 during a legislative session on Tuesday, June 10, 2003, during which Representative Joe Wilson (R-SC) offered an amendment in the nature of a substitute. By unanimous consent, the substitute was accepted as the base text to which any amendments would be considered. The Committee considered the following amendments to H.R. 438:

The Committee adopted by voice vote, an amendment offered by Representative Kind (D-WI) to have the Secretary of Education notify local educational agencies eligible to participate in the Small Rural Achievement Program within the Elementary and Secondary Education Act of 1965, about the benefits of the teacher loan forgiveness program within H.R. 438, and to encourage those agencies to notify their teachers of the program.

The Committee on Education and the Workforce, with the majority of the Committee present, favorably reported H.R. 438 as amended, to the House of Representatives by voice vote.

Below is a summary of H.R. 438.

SUMMARY

H.R. 438 provides for an increase in the allowable maximum loan forgiveness in the Federal Family Education Loan Program (FFELP) and the Federal Direct Loan Program to \$17,500. This increased loan forgiveness is available for highly qualified math, science and special education teachers teaching in high need, title I schools. To be eligible, a teacher must teach in a title I school with a poverty level exceeding 40 percent. H.R. 438 coordinates the requirement for teachers to be highly qualified, as well as the poverty level for school wide programs, as defined in the No Child Left Behind Act, with eligibility for teacher loan forgiveness. H.R. 438 also provides a transition period for those teachers serving under the requirements found in the Higher Education Act prior to enactment of H.R. 438 in that those teachers will not be adversely affected by the highly qualified definition when applying for the current loan forgiveness applicable for all teachers in title I schools. However, all teachers applying for the increased loan forgiveness of \$17,500 must be highly qualified upon application for the benefits.

To further reduce financial burden on these teachers, H.R. 438 provides loan forgiveness in annual increments beginning after the second year of the required five years of service. It is extremely important not only to recruit and retain highly qualified teachers but also to retain those now providing invaluable service to disadvantaged students. A teacher who meets the highly qualified definition as provided in the No Child Left Behind Act and is currently a math, science or special education teacher in an eligible school may receive the increased loan forgiveness benefits. For example, a teacher, eligible pursuant to H.R. 438, in his third year of service, may apply for and receive the allowable increments of loan forgiveness to cover the service completed to that point.

Should the borrower fail to complete five years of teaching service as required, repayment of any funds provided prior to that time will be required. The Secretary has authority to provide the borrower a waiver of that repayment obligation if the borrower can prove, in accordance with regulations promulgated by the Secretary, economic hardship.

H.R. 438 also requires the Secretary of Education to notify local educational agencies eligible to participate in the Small Rural Achievement Program authorized within the No Child Left Behind Act, of the availability of teacher loan forgiveness and encourage those agencies to notify their teachers.

COMMITTEE VIEWS

President Bush signed the No Child Left Behind Act into law on January 8, 2002. The No Child Left Behind Act requires each State educational agency to develop a plan to ensure that all teachers teaching in core academic subjects within the State are highly qualified not later than the end of the 2005–2006 school year. Additionally, over the next ten years, school districts will need to hire over 2 million additional teachers to keep up with increased student enrollment.

States and school districts must recruit a greater quantity of people to the teaching profession while also ensuring teacher quality. Unfortunately, schools with concentrated poverty have greater

teacher and administrator shortages, fewer applications for vacancies, higher absenteeism among teachers and staff, and higher rates of teacher and administrator turnover. Shortages of math, science and special education teachers are at a critical level. While the No Child Left Behind Act will help school districts recruit and train high quality teachers, more help is needed. In the release of the FY 2004 budget, President Bush put forth his plan to increase the number of highly qualified math, science and special education teachers.

There is no doubt that the nation's classrooms are facing a crisis. In a report entitled *The Urban Teacher Challenge* (January 2000), almost all of the nation's largest urban school districts responding to a national survey reported immediate needs for math (95 percent), science (98 percent) and special education teachers (98 percent). The National Center for Education Statistics reports, for the 1999–2000 school year, that 67 percent of public elementary and middle schools had vacancies in special education, 70 percent in mathematics, 61 percent in biology and 51 percent in physical science. According to the Center for the Study of Teaching Policy, almost 57 percent of public school teachers are teaching physical science without a major or minor in their field. H.R. 438 will provide incentives that will allow flexibility to local schools to recruit and retain highly qualified teachers in these critical subject areas in both public and private elementary and secondary schools across the country.

H.R. 438 complements our focus on improving the education that children receive, particularly the education that disadvantaged students and students with disabilities receive, by supporting quality teachers for our children. H.R. 438 expands the current teacher loan forgiveness maximum amount from \$5,000 to \$17,500 of a teacher's outstanding loan obligation for those teaching math, science or special education. The teacher must be teaching in a title I school with a poverty level exceeding 40 percent. To further assist teachers in high need schools, H.R. 438 provides the loan forgiveness in incremental payments beginning after the second year of service and continuing annually thereafter. This will further reduce the debt burden of these teachers and give them an incentive to continue teaching in title I schools.

By offering additional financial support for public and private elementary and secondary teachers who have made a commitment to teach in title I schools in the defined critical subject areas, math, science and special education, this bill can make it possible for more disadvantaged students to be taught by caring and competent teachers in subject areas that will help shape not only the student but the economic future of the country. Teaching in high need, low income schools isn't always easy, but nowhere is it more important. We are asking a lot of teachers and they deserve our full support.

We need to do everything we can to encourage college students to enter a field that, while challenging, is one of the most rewarding careers one can undertake. H.R. 438 will help to encourage the best and the brightest of our nation's college students to enter the teaching profession and for highly qualified experienced teachers to remain committed to the profession and the schools in which they teach. H.R. 438 provides guaranteed funding in order to allow public and private elementary school teachers an opportunity to know

the amounts they will receive in loan forgiveness for the service they provide. There will be no question, if they are eligible, they will receive the loan forgiveness.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title.

Section 2. Makes amendments to section 482J(c) and 460(c) of the Higher Education Act of 1965, as amended, to increase the maximum loan forgiveness currently available in both the Federal Family Education Loan Program (FFELP) and the Federal Direct Student Loan Program to \$17,500. Provides for increased loan forgiveness only for mathematics, science and special education teachers serving in high need schools. Section 2 provides for the \$17,500 in loan forgiveness in annual payments beginning after the second full year of eligible teaching service. To be eligible, a teacher must teach in a title I school with a poverty level exceeding 40 percent. Section 2 also requires repayment of any loan amounts forgiven on behalf of the teacher if the full five years of required teaching service is not fulfilled.

Section 3. Section 3 incorporates the requirement from the No Child Left Behind Act that all teachers be highly qualified by the 2005–2006 school year. In order to be eligible for the increased loan forgiveness, all teachers must be highly qualified. This section also provides for a transition for those teachers eligible for the currently available loan forgiveness of \$5,000 so as not to adversely affect any teachers, due to the new requirement, now within their service requirement.

Section 4. Section 4 requires the Secretary of Education to notify local educational agencies eligible to participate in the Small Rural Achievement Program authorized within the No Child Left Behind Act, of the availability of teacher loan forgiveness and encourage those agencies to notify their teachers.

EXPLANATION OF AMENDMENTS

The Amendment in the Nature of a Substitute is explained in the body of this report.

APPLICATION OF LAW TO THE LEGISLATIVE BRANCH

Section 102(b)(3) of Public Law 104–1 requires a description of the application of this bill to the legislative branch. H.R. 438 amends the Higher Education Act of 1965 to increase the total loan forgiveness for elementary and secondary school teachers who specialize in math, science or special education, in title I schools. The bill does not prevent legislative branch employees from receiving services provided under this legislation.

UNFUNDED MANDATE STATEMENT

Section 423 of the Congressional Budget and Impoundment Control Act (as amended by Section 101(a)(2) of the Unfunded Mandates Reform Act, P.L. 104–4) requires a statement of whether the provisions of the reported bill include unfunded mandates. H.R. 438 amends the spending programs under the Higher Education Act. As such, the bill does not contain any unfunded mandates.

ROLLCALL VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires the Committee Report to include for each record vote on a motion to report the measure or matter and on any amendments offered to the measure or matter the total number of votes for and against and the names of the Members voting for and against.

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 1 BILL H.R. 438 DATE June 10, 2003

AMENDMENT NUMBER 3 DEFEATED 21 - 24

SPONSOR/AMENDMENT Mr. Tierney / amendment to limit loan forgiveness to teachers in Title I schools with a poverty level of 45 percent or more to provide loan forgiveness to Head Start early Head Start, and other pre-kindergarten instructors

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman				X
Mr. BALLENGER		X		
Mr. HOEKSTRA				X
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. GREENWOOD		X		
Mr. NORWOOD		X		
Mr. UPTON		X		
Mr. EHLERS		X		
Mr. DeMINT		X		
Mr. ISAKSON		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. COLE		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mr. CARTER		X		
Mrs. MUSGRAVE		X		
Mrs. BLACKBURN				X
Mr. GINGREY		X		
Mr. BURNS		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA	X			
Mrs. McCARTHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH				X
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. CASE	X			
Mr. GRIJALVA	X			
Ms. MAJETTE	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
TOTALS	21	24		4

COMMITTEE ON EDUCATION AND THE WORKFORCE

ROLL CALL 2 BILL H.R. 438 DATE June 10, 2003

AMENDMENT NUMBER 2 DEFEATED 21 – 24

SPONSOR/AMENDMENT Mr. Payne / amendment to limit loan forgiveness to teachers in Title I schools with a poverty level of 50 percent or more and delete focus on math, science, and IDEA teachers

MEMBER	AYE	NO	PRESENT	NOT VOTING
Mr. BOEHNER, Chairman		X		
Mr. PETRI, Vice Chairman				X
Mr. BALLENGER		X		
Mr. HOEKSTRA				X
Mr. McKEON		X		
Mr. CASTLE		X		
Mr. JOHNSON		X		
Mr. GREENWOOD		X		
Mr. NORWOOD		X		
Mr. UPTON		X		
Mr. EHLERS		X		
Mr. DeMINT		X		
Mr. ISAKSON		X		
Mrs. BIGGERT		X		
Mr. PLATTS		X		
Mr. TIBERI		X		
Mr. KELLER		X		
Mr. OSBORNE		X		
Mr. WILSON		X		
Mr. COLE		X		
Mr. PORTER		X		
Mr. KLINE		X		
Mr. CARTER		X		
Mrs. MUSGRAVE		X		
Mrs. BLACKBURN				X
Mr. GINGREY		X		
Mr. BURNS		X		
Mr. MILLER	X			
Mr. KILDEE	X			
Mr. OWENS	X			
Mr. PAYNE	X			
Mr. ANDREWS	X			
Ms. WOOLSEY	X			
Mr. HINOJOSA	X			
Mrs. McCARATHY	X			
Mr. TIERNEY	X			
Mr. KIND	X			
Mr. KUCINICH				X
Mr. WU	X			
Mr. HOLT	X			
Mrs. DAVIS	X			
Ms. McCOLLUM	X			
Mr. DAVIS	X			
Mr. CASE	X			
Mr. GRIJALVA	X			
Ms. MAJETTE	X			
Mr. VAN HOLLEN	X			
Mr. RYAN	X			
Mr. BISHOP	X			
TOTALS	21	24		4

STATEMENT OF OVERSIGHT FINDINGS AND RECOMMENDATIONS OF
THE COMMITTEE

In compliance with clause 3(c)(1) of rule XIII and clause (2)(b)(1) of rule X of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in the body of this report.

NEW BUDGET AUTHORITY AND CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

With respect to the requirements of clause 3(c)(2) of rule XIII of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974 and with respect to requirements of 3(c)(3) of rule XIII of the House of Representatives and section 402 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 438 from the Director of the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, June 16, 2003.

Hon. JOHN A. BOEHNER,
*Chairman, Committee on Education and the Workforce,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 438, the Teacher Recruitment and Retention Act of 2003.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Deborah Kalcevic.

Sincerely,

DOUGLAS HOLTZ-EAKIN,
Director.

Enclosure.

H.R. 438—Teacher Recruitment and Retention Act of 2003

Summary: H.R. 438 would make two changes in the current teacher loan forgiveness provisions for federal student loans. The first change would restrict the participation in those loan forgiveness provisions to only those teachers deemed "highly qualified" as defined in the Elementary and Secondary Education Act (ESEA) of 1965. The other change would make certain special education, mathematics, and science teachers eligible for additional and earlier loan forgiveness.

Because the costs of federal student loans are not subject to appropriation, enacting this bill would affect direct spending. CBO estimates that enacting H.R. 438 would cost \$60 million in 2003, \$25 million in 2004, and \$340 million over the 2003–2013 period.

H.R. 438 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated Cost to the Federal Government: The estimated budgetary impact of H.R. 438 is shown in the following table. The costs of this legislation fall within budget function 500 (education, training, employment, and social services).

	By fiscal year (millions of dollars)										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
DIRECT SPENDING											
Student loan program spending											
under baseline projections: ¹											
Estimated budget authority	4,839	4,661	5,502	6,184	6,472	6,692	6,887	7,059	7,230	7,398	7,646
Estimated outlays	4,310	3,879	4,843	5,423	5,789	6,050	6,233	6,396	6,551	6,706	6,941
Proposed changes:											
Estimated budget authority	70	25	25	25	25	30	30	30	30	30	30
Estimated outlays	60	25	25	25	25	30	30	30	30	30	30
Student loan program spending											
under H.R. 438:											
Estimated budget authority	4,909	4,686	5,527	6,209	6,497	6,722	6,917	7,089	7,260	7,428	7,676
Estimated outlays	4,370	3,904	4,868	5,448	5,814	6,080	6,263	6,426	6,581	6,736	6,971

¹ Spending includes liquidating and program accounts for both direct and guaranteed student loans, as well as the federal student loan reserve account.

Basis of estimate: The costs of the student loan programs are included in the budget resolution baseline reflecting the assumption that the authorization for the existing loan programs is extended. (Specifically, section 257 of the Balanced Budget and Emergency Deficit Control Act requires that certain expiring programs be assumed to continue for baseline projection purposes. The authority for certain elements of the guaranteed loan programs is scheduled to expire September 30, 2004; but the baseline assumes that the entire program will be reauthorized.) The provisions affecting the student loan programs are assessed under the requirements of the federal credit reform act. As such, the budget records all the costs and collections associated with a new loan on a present-value basis in the year the loan is obligated and the costs of all changes (i.e., “modifications”) affecting outstanding loans are displayed in the fiscal year the bill is enacted—assumed to be 2003 for this estimate.

Under current law, all new student borrowers as of October 1998 who subsequently teach in public or private elementary schools in a school district eligible for funds under title I of the Elementary and Secondary Education Act (Title I) and in a school with more than 30 percent of the students from low-income families are eligible to have the government pay off or cancel part of their outstanding subsidized or unsubsidized student loan debt. To qualify, teachers must teach full time for five consecutive years, and then only if they are determined qualified by the chief administrative authority in the case of elementary school teachers or teaching in an area relevant to their college major in the case of secondary school teachers. If they meet those criteria, 100 percent of their outstanding debt is canceled up to a maximum of \$5,000. Under the current budget resolution baseline, CBO estimates that the total federal costs for teacher loan forgiveness is approximately \$1.9 billion over the 2003–2013 period. When fully implemented, about 75,000 teachers are expected to apply each year for the \$5,000 in loan forgiveness.

New restriction on loan forgiveness participation

Under H.R. 438, new teachers would have to be deemed “highly qualified” teachers as defined by the ESEA to receive the loan forgiveness described above. For elementary teachers this means that they would have to hold a bachelor’s degree and pass a rigorous state examination testing skills and knowledge in teaching reading,

writing, mathematics, and other required subjects. Middle school and high school teachers would have to hold a bachelor's degree and pass a rigorous state exam for each academic subject they teach. Teachers who were teaching prior to enactment of this bill and eligible for the loan forgiveness under current law would be exempt from the new standards.

Existing federal education statutes already encourage states to move towards a highly qualified teaching force by academic year 2005–2006. As a result, the new restriction will likely affect relatively few teachers. Based on data from the National Center on Education Statistics (NCES), CBO estimates about 3,000 fewer teachers each year—about 4 percent—would be eligible for loan forgiveness as a result of this restriction. CBO estimates that this change would save \$20 million in 2003, \$10 million in 2004, and \$110 million over the 2003–2013 period.

Increase in loan forgiveness amounts

H.R. 438 also would increase the maximum amount of loan cancellation from \$5,000 to \$17,500 for highly qualified mathematics and science teachers and special education teachers who teach in public or private elementary schools in school districts eligible for assistance under Title I and in schools with more than 40 percent of the students from low-income families. While teachers would still be required to teach full time for five consecutive years, they would begin to receive loan forgiveness earlier. After the second year of teaching, \$1,750 or 10 percent of their loan obligation, whichever is less, would be forgiven. After the third, fourth, and fifth years the cancellation levels would be \$2,625 or 15 percent, \$4,375 or 25 percent, and \$8,750 or 50 percent, respectively. Any teacher who fails to complete five consecutive years of full-time teaching would be required to repay the government with interest. The Secretary of Education would have some discretion with regard to the repayment. The Secretary could either waive the repayment in the case of economic hardship or could charge collection fees on the repayments.

CBO estimates this provision would cost approximately \$80 million in 2003, \$35 million in 2004, and \$450 million over the 2003–2013 period.

H.R. 438 would provide additional benefits only to a small portion of those who would be eligible for loan forgiveness under current law. First, based on data from the Department of Education, requiring the share of low-income students to be at least 40 percent rather than 30 percent would reduce the number of schools where teachers could receive this benefit from about 53,000 schools to 31,000—a decrease of 40 percent. Second, based on data compiled from NCES, CBO estimates that mathematics, science, and special education teachers would represent approximately 13 percent of teachers at these schools.

CBO estimates that under H.R. 438 approximately 5,500 mathematics, science, and special education teachers would become eligible each year to begin participating in the four years of loan forgiveness once the program is fully implemented. (Few, if any teachers would be eligible for the expanded benefits in 2004 because of the way the loan forgiveness is phased in.) The average loan forgiveness for these teachers would total roughly \$16,000 once they

complete the required five years of service. CBO estimates that roughly 550 new participants each year who received some loan forgiveness would drop out of teaching before completing five years, and would be required to repay the government with interest.

For modeling the participating rate for various loan forgiveness alternatives for teachers, CBO used data from the Perkins loan program where loan forgiveness provisions have been in place for 25 years. To the extent that these data reflect the impact of loan forgiveness on teacher turnover rates, CBO has incorporated similar effects for teachers with federal direct or guaranteed student loans. Although different amounts of loan forgiveness may have marginally different effects on teacher retention, any such effects would likely be small relative to the overall budgetary costs.

Intergovernmental and Private-Sector Impact: H.R. 438 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

Estimate Prepared by: Federal costs: Deborah Kalcevic; impact on state, local, and tribal governments: Gregory Waring; and impact on the private sector: Nabeel Alsalam.

Estimate Approved by: Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

STATEMENT OF GENERAL PERFORMANCE GOALS AND OBJECTIVES

In accordance with clause (3)(c) of House rule XIII, the goal of H.R. 438 is to provide for an increase in the total loan forgiveness for elementary and secondary school teachers who specialize in math, science or special education, in title I schools. The Committee expects the Department of Education to comply with H.R. 438 and implement the changes to the law in accordance with these stated goals.

CONSTITUTIONAL AUTHORITY STATEMENT

Under clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee must include a statement citing the specific powers granted to Congress in the Constitution to enact the law proposed by H.R. 438. The Committee believes that the amendments, made by this bill to the Higher Education Act, are within Congress' authority under Article I, section 8, clause 1 of the Constitution.

COMMITTEE ESTIMATE

Clause 3(d)(2) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs that would be incurred in carrying out H.R. 438. However, clause 3(d)(3)(B) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3(e) of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

HIGHER EDUCATION ACT OF 1965

* * * * *

TITLE IV—STUDENT ASSISTANCE

* * * * *

PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM

* * * * *

SEC. 428J. LOAN FORGIVENESS FOR TEACHERS.

(a) * * *

(b) PROGRAM AUTHORIZED.—The Secretary shall carry out a program, through the holder of the loan, of assuming the obligation to repay a qualified loan amount for a loan made under section 428 or 428H, in accordance with subsection (c), for any new borrower on or after October 1, 1998, who—

(1) has been employed as a full-time teacher for 5 consecutive complete school years—

(A) in a school that qualifies under section 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such schools; *and*

[(B) if employed as a secondary school teacher, is teaching a subject area that is relevant to the borrower's academic major as certified by the chief administrative officer of the public or nonprofit private secondary school in which the borrower is employed; and

[(C) if employed as an elementary school teacher, has demonstrated, as certified by the chief administrative officer of the public or nonprofit private elementary school in which the borrower is employed, knowledge and teaching skills in reading, writing, mathematics, and other areas of the elementary school curriculum; and]

(B) if employed as an elementary or secondary school teacher, is highly qualified as defined in section 9101(23) of the Elementary Secondary Education Act of 1965; and

* * * * *

(c) QUALIFIED LOANS AMOUNT.—

(1) * * *

* * * * *

(3) INCREASED AMOUNTS FOR TEACHERS IN MATHEMATICS, SCIENCE, OR SPECIAL EDUCATION.—

(A) SERVICE QUALIFYING FOR INCREASED AMOUNTS.—*Notwithstanding the amount specified in paragraph (1), the aggregate amount that the Secretary shall repay under this section shall not be more than \$17,500 in the case of—*

(i) a secondary school teacher—

(I) who meets the requirements of subsection (b), subject to subparagraph (D) of this paragraph; and

(II) whose qualifying employment for purposes of such subsection has been teaching mathematics or science on a full-time basis; and

(ii) an elementary or secondary school teacher—

(I) who meets the requirements of subsection (b), subject to subparagraph (D) of this paragraph;

(II) whose qualifying employment for purposes of such subsection has been as a special education teacher whose primary responsibility is to provide special education to children with disabilities (as those terms are defined in section 602 of the Individuals with Disabilities Act); and

(III) who, as certified by the chief administrative officer of the public or nonprofit private elementary or secondary school in which the borrower is employed, is teaching children with disabilities that correspond with the borrower's special education training and has demonstrated knowledge and teaching skills in the content areas of the elementary or secondary school curriculum that the borrower is teaching.

(B) *ACCELERATED PAYMENT.*—Notwithstanding the requirements of subsection (b)(1) and paragraph (1) of this subsection that 5 consecutive complete years of service have been completed prior to the receipt of loan forgiveness, in the case of service described in subparagraph (A) of this paragraph, the Secretary shall repay a portion of a borrower's loan obligation outstanding at the commencement of the qualifying service under this subsection, not to exceed a total of \$17,500, in the following increments:

(i) up to \$1,750, or 10 percent of such outstanding loan obligation, whichever is less, at the completion of the second year of such service;

(ii) up to \$2,625, or 15 percent of such outstanding loan obligation, whichever is less, at the completion of the third year of such service;

(iii) up to \$4,375, or 25 percent of such outstanding loan obligation, whichever is less, at the completion of the fourth year of such service; and

(iv) up to \$8,750, or 50 percent of such outstanding loan obligation, whichever is less, at the completion of the fifth year of such service.

(C) *PROMISE TO COMPLETE SERVICE REQUIRED FOR ACCELERATED PAYMENT.*—Any borrower who receives accelerated payment under this paragraph shall enter into an agreement to continue in the qualifying service for not less than 5 consecutive complete school years, or, upon a failure to complete such 5 years, to repay the United States, in accordance with regulations prescribed by the Secretary, the amount of the loans repaid by the Secretary under this paragraph, together with interest thereon and, to the extent required in such regulations, the reasonable costs of collec-

tion. Such regulations may provide for waiver by the Secretary of such repayment obligations upon proof of economic hardship as specified in such regulations.

(D) HIGHER POVERTY ENROLLMENT REQUIRED.—In order to qualify for an increased repayment amount under this paragraph, section 465(a)(2)(A) shall, for purposes of subsection (b)(1)(A) of this section, be applied by substituting “40 percent of the total enrollment” for “30 percent of the total enrollment”.

* * * * *

PART D—WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

* * * * *

SEC. 460. LOAN CANCELLATION FOR TEACHERS.

(a) * * *

(b) PROGRAM AUTHORIZED.—

(1) IN GENERAL.—The Secretary shall carry out a program of canceling the obligation to repay a qualified loan amount in accordance with subsection (c) for Federal Direct Stafford Loans and Federal Direct Unsubsidized Stafford Loans made under this part for any new borrower on or after October 1, 1998, who—

(A) has been employed as a full-time teacher for 5 consecutive complete school years—

(i) in a school that qualifies under section 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such schools; and

[(ii) if employed as a secondary school teacher, is teaching a subject area that is relevant to the borrower’s academic major as certified by the chief administrative officer of the public or non-profit private secondary school in which the borrower is employed; and

[(iii) if employed as an elementary school teacher, has demonstrated, as certified by the chief administrative officer of the public or nonprofit private elementary school in which the borrower is employed, knowledge and teaching skills in reading, writing, mathematics and other areas of the elementary school curriculum; and]

(ii) if employed as an elementary or secondary school teacher, is highly qualified as defined in section 9101(23) of the Elementary Secondary Education Act of 1965; and

* * * * *

(c) QUALIFIED LOAN AMOUNTS.—

(1) * * *

* * * * *

(3) INCREASED AMOUNTS FOR TEACHERS IN MATHEMATICS, SCIENCE, OR SPECIAL EDUCATION.—

(A) *SERVICE QUALIFYING FOR INCREASED AMOUNTS.*—Notwithstanding the amount specified in paragraph (1), the aggregate amount that the Secretary shall repay under this section shall not be more than \$17,500 in the case of—

(i) a secondary school teacher—

(I) who meets the requirements of subsection (b)(1), subject to subparagraph (D) of this paragraph; and

(II) whose qualifying employment for purposes of such subsection has been teaching mathematics or science on a full-time basis; and

(ii) an elementary or secondary school teacher—

(I) who meets the requirements of subsection (b)(1), subject to subparagraph (D) of this paragraph; and

(II) whose qualifying employment for purposes of such subsection has been as a special education teacher whose primary responsibility is to provide special education to children with disabilities (as those terms are defined in section 602 of the Individuals with Disabilities Act); and

(III) who, as certified by the chief administrative officer of the public or nonprofit private elementary or secondary school in which the borrower is employed, is teaching children with disabilities that correspond with the borrower's special education training and has demonstrated knowledge and teaching skills in the content areas of the elementary or secondary school curriculum that the borrower is teaching.

(B) *ACCELERATED PAYMENT.*—Notwithstanding the requirements of subsection (b)(1)(A) and paragraph (1) of this subsection that 5 consecutive complete years of service have been completed prior to the receipt of loan forgiveness, in the case of service described in subparagraph (A) of this paragraph, the Secretary shall repay a portion of a borrower's loan obligation outstanding at the commencement of the qualifying service under this subsection, not to exceed a total of \$17,500, in the following increments:

(i) up to \$1,750, or 10 percent of such outstanding loan obligation, whichever is less, at the completion of the second year of such service;

(ii) up to \$2,625, or 15 percent of such outstanding loan obligation, whichever is less, at the completion of the third year of such service;

(iii) up to \$4,375, or 25 percent of such outstanding loan obligation, whichever is less, at the completion of the fourth year of such service; and

(iv) up to \$8,750, or 50 percent of such outstanding loan obligation, whichever is less, at the completion of the fifth year of such service.

(C) *PROMISE TO COMPLETE SERVICE REQUIRED FOR ACCELERATED PAYMENT.*—Any borrower who receives accelerated payment under this paragraph shall enter into an agreement to continue in the qualifying service for not less

than 5 consecutive complete school years, or, upon a failure to complete such 5 years, to repay the United States, in accordance with regulations prescribed by the Secretary, the amount of the loans repaid by the Secretary under this paragraph, together with interest thereon and, to the extent required in such regulations, the reasonable costs of collection. Such regulations may provide for waiver by the Secretary of such repayment obligations upon proof of economic hardship as specified in such regulations.

(D) HIGHER POVERTY ENROLLMENT REQUIRED.—In order to qualify for an increased repayment amount under this paragraph, section 465(a)(2)(A) shall, for purposes of subsection (b)(1)(A)(i) of this section, be applied by substituting “40 percent of the total enrollment” for “30 percent of the total enrollment”.

* * * * *

ADDITIONAL VIEWS

Many school districts, especially the most disadvantaged, struggle to attract and retain highly qualified teachers in all critical subject areas. These school districts do not have the resources to reward high quality teachers who seek to teach in some of our most disadvantaged schools. While H.R. 438 provides some relief to these problems by providing \$17,500 in loan forgiveness to highly qualified math, science and special education teachers, more should and must be done. This legislation could be significantly improved by expanding loan forgiveness to all teachers in high poverty schools, head start teachers and teachers in extremely rural school districts.

Ensuring that all of our children have highly qualified teachers—whether they are in elementary or secondary schools, head start or other prekindergarten programs—is critical to ensuring their achievement, especially for our most disadvantaged children. In the 1992–2000 school year, over a fifth of secondary school students took at least one class from a teacher who neither majored nor minored in that subject in college; over a third received instruction in at least one class from a teacher who was not certified in the subject taught and did not have a major in that subject.¹

In addition, our nation's Head Start and prekindergarten classrooms are desperately in need of high quality teachers. During the 2001–2002 program year, nearly 8,000 teachers, or 15 percent of all teachers, left head start programs. Over half of those who left did so due to low salaries or a desire to change job fields. These statistics highlight the inability of head start programs to retain their teachers, especially their most experienced and qualified.

Further showing the lack of commitment to our youngest children, the Bush Administration has also proposed to eliminate the Loan Forgiveness for Day Care Providers program. This program, which has been tragically underfunded by the Republican Congress, had led to limited numbers of day care providers receiving loan forgiveness. Without resources for this program and other early childhood education personnel, we are robbing our youngest and most disadvantaged children of a high quality early educational experience.

Unfortunately, this legislation only provides assistance to math, science and special education teachers. While there are shortages in these fields on a national basis, our most disadvantaged school districts and communities need highly qualified teachers in all subjects and early education. Democratic Members offered a series of amendments to address the shortcomings of this legislation:

¹ Education Week, Quality Counts 2003: Ensuring a Highly Qualified Teacher for Every Classroom, January 9, 2003.

- Representative Tierney, Andrews and Woolsey offered an amendment to expand loan forgiveness to Head Start teachers in Prekindergarten programs. This amendment would have provided important recruitment and retention tools to programs that serve our youngest children. In addition, this amendment would have provided relief to these teachers who make significantly less than their colleagues who teach in elementary and secondary schools from staggering amounts of student loan debt. Unfortunately, this amendment was defeated on a party line vote.

- Representative Payne offered an amendment to expand loan forgiveness to all Title I teachers in schools with at least 65 percent of their students being from low income families. This amendment would have ensured that children in our most disadvantaged schools would have the benefit of a highly qualified teacher for all of their academic subjects. In addition, this amendment would have provided a critical recruitment and retention tool to school districts as they seek to hire teachers for positions that are some of their hardest to fill. Unfortunately, this amendment was also defeated on a party line vote.

- Representative Kind offered an amendment to extend loan forgiveness to teachers in rural school districts. This amendment would have addressed the critical needs that rural areas have in recruiting teachers. Unfortunately, this amendment was defeated on a voice vote.

Fortunately, a major improvement to this legislation sought by Democratic Members was included in the Committee Reported bill. Representative Holt offered an amendment during Subcommittee consideration of H.R. 438 which provided for loan forgiveness to be dispensed incrementally over the 5 years of service as a teacher, rather than at the end of 5 years. This incremental disbursement provides a real incentive for teachers to stay at a high need school by providing relief from their student loan debt up front. This amendment was adopted as part of the Full Committee Substitute.

While this legislation is a good first step, both our schools and children deserve more. This bill should be improved to cover other critical areas of teaching that the majority has ignored. To not cover these areas relegates the children served by these teachers to a substandard educational experience.

GEORGE MILLER.
 RAUL M. GRIJALVA.
 RON KIND.
 TIMOTHY BISHOP.
 RUSH HOLT.
 TIMOTHY RYAN.
 DANNY K. DAVIS.
 JOHN F. TIERNEY.
 CHRIS VAN HOLLEN.
 RUBÉN HINOJOSA.
 LYNN C. WOOLSEY.
 DALE E. KILDEE.
 CAROLYN MCCARTHY.
 SUSAN A. DAVIS.
 DAVID WU.
 ED CASE.

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